



**BROWN & WILLIAMSON TOBACCO CORPORATION**

1800 West IIIrd Street · P. O. Box 35090 · Louisville, Kentucky 40232

ERNEST PEPPLES  
SENIOR VICE PRESIDENT  
AND GENERAL COUNSEL

November 6, 1981



TELEPHONES  
(502) 774-7476  
(502) 774-7011

Mr. James C. Miller, III  
Chairman  
Federal Trade Commission  
Pennsylvania Avenue & 6th Street, N.W.  
Washington, DC 20580

Dear Mr. Miller

I am writing to call your attention to an unnecessarily cumbersome approach by the Bureau of Consumer Protection to questions concerning the Commission's cigarette testing program, and to ask you to look into the matter to see if it cannot be handled in a more practical and efficient way.

The questions about testing procedures were raised by R.J. Reynolds Tobacco Company and Philip Morris, Inc. in a transparent attempt to enlist the aid of the Commission in suppressing the competition of Brown & Williamson's successful new Barclay entry in the ultra-low "tar" market. The success of the innovative Barclay brand has posed an unwelcome threat to the ability of the two industry giants to continue to increase their dominance of virtually all segments of the cigarette market. Reynolds and Philip Morris together hold 65% of the U.S. market against our 14%.

Barclay's success is based on its unique, patented filter design which gives it a superior ability to combine good taste and easy draw with very low "tar" and nicotine delivery, characteristics that appeal to smokers. Stung by the success of this innovative cigarette, Reynolds and Philip Morris have made unprecedented requests that the Commission change its established "tar" and nicotine testing methods in a contrived manner that would penalize the innovative design of the Barclay filter and help them suppress its competitive threat to their own low-"tar" brands.

The key to the Barclay filter's superior performance lies in its horizontally grooved structure. Reynolds wants the Commission to change its testing equipment by adopting a new filter holder that exerts exceptionally high pressure on the filter, some 15 times greater than the pressure exerted by the average smoker, and consequently causes it to collapse. Not surprisingly, this

2021574801

Page 2  
November 6, 1981

compromises the filter's performance. Philip Morris has a different idea. It wants the Commission to place a kind of hose washer in the back of the filter holder, which will seal off the grooves and thereby overcome their effect.

~~Both proposals approach the frivolous. Since other cigarettes do~~  
not employ similar grooves, their performance would not be degraded by either of these changes, which clearly have been contrived to penalize Barclay and Barclay alone. The Commission's testing procedures were developed in a collaborative effort with all members of the industry and have the confidence of both the industry and the public. Other members of the industry do not support the Reynolds and Philip Morris proposals for test changes.

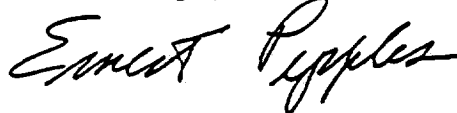
We have already spent well over a million dollars in obtaining and submitting to the Bureau of Consumer Protection technical materials refuting our competitors' attacks on the Barclay filter. We have consulted with the best scientists in the country and have conducted definitive human tests through independent laboratories, while our detractors have relied exclusively on company employees. Our work confirms the view as reported to the staff by Dr. Gio Gori of the Franklin Research Institute in his oral presentation on July 9, 1981, and again in his October 22 letter based on further human tests: Barclay does not deliver more smoke than other brands rated at 1 mg. by FTC method.

We are concerned about current staff suggestions which would tend to prolong the matter and encumber it with the trappings of a large investigative proceeding, such as public notice and comment.

We believe the entire matter is one that will yield readily to practical, prompt, common-sense treatment, and we would greatly appreciate an opportunity to sit down and talk briefly to you and Mr. Muris about it before things reach the point where the Commission has committed itself and the industry to a needless expenditure of time and money.

I very much look forward to meeting with you at an early date.

Sincerely yours,



Ernest Pepples  
/dlb

cc: Mr. Timothy J. Muris

2021574802